May 10, 2002

By Electronic Filing

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: EX PARTE – WC Docket No. 02-35: Application by BellSouth for Authorization to Provide In-Region InterLATA Services in Georgia and Louisiana

Dear Ms. Dortch:

WorldCom is submitting this ex parte to update the Commission regarding three central problems that should be fatal to BellSouth's application as set forth in WorldCom's previous comments in this docket. First, BellSouth continues inaccurately to route intraLATA calls. Second, BellSouth continues to provide erroneous and incomplete line loss reports. Finally, we continue to struggle with the overarching problem that BellSouth still refuses to alter its change management process to make it even minimally adequate. BellSouth should be able to resolve these problems expeditiously if it makes a concerted effort to do so.

IntraLATA Routing

BellSouth has recently introduced a new change request that appears to be intended to address BellSouth's failure to properly route intraLATA calls for many UNE-P customers, but that change request is inadequate on its face and far too late. As WorldCom has previously explained, BellSouth provided only limited – and inaccurate information – on the misrouting of intraLATA calls for many months, but eventually provided additional information in its supplemental section 271 filing in February. On April 16, BellSouth finally discussed the problem directly with WorldCom. In that meeting, BellSouth stated that when a customer has an extended local calling plan with BellSouth and then migrates to a CLEC, the customer's intraLATA calls will be routed to BellSouth even if the customer has chosen a different intraLATA carrier.

After WorldCom's April 16 conversation with BellSouth, WorldCom posed a number of follow up questions to BellSouth. See e-mails of April 17 and 22 attached to WorldCom's April 29, 2002 ex parte. On Tuesday, May 7, BellSouth finally provided a response to WorldCom and filed an ex parte letter with the Commission on the same day which included BellSouth's response. In that response, BellSouth indicated that its retail customers who have flat rate service have a smaller calling area than retail customers with measured rate service. When a retail customer who has flat rate service migrates to a CLEC, according to BellSouth, the customer's local calling area is altered to become the larger local calling area BellSouth uses for its retail customers who have measured rate service, which causes calls that should be treated as intraLATA calls to be treated as local calls.[1] (Att. 1.) BellSouth's May 7 ex parte letter implies that 91% of BellSouth retail customers have flat rate service and thus are affected by this issue. BellSouth seems to presume that the other 9% of customers – those retail customers who have measured rate service receive the proper local calling area when they migrate to CLECs. But BellSouth provides no basis for this presumption. In fact, unless the CLEC requests otherwise, the customer should always receive the calling area associated with flat rate service – which is the baseline calling area in the BellSouth region.

BellSouth's explanation shows there is a real problem. If, for example, a WorldCom local customer has chosen WorldCom as its intraLATA carrier, and the customer's intraLATA calls are routed to BellSouth either (1) WorldCom will be deprived of the intraLATA revenue for these calls, or (2) WorldCom will be forced to spend significant money to develop new systems that enable it to bill intraLATA calls that have been routed over BellSouth's switches. Similarly, if the customer has chosen an intraLATA carrier other than WorldCom (or BellSouth), that carrier will be deprived of the intraLATA revenue for these calls and will have no means of even attempting to recover that revenue.[2] Moreover, regardless of whether the customer has chosen WorldCom or another intraLATA carrier, WorldCom will have to pay unnecessary transport charges to BellSouth for each of these calls that it would not have to pay if the calls were properly routed as intraLATA calls. As for the customer, unless the customer has chosen BellSouth as its intraLATA carrier, the customer's calls will not be routed to the intraLATA carrier he has chosen; in effect, the customer will have been slammed.

In its May 7 ex parte, BellSouth asserts that the number of calls affected is small as a percentage of WorldCom's local calls. To begin with, however, BellSouth's calculation is not based on WorldCom's call records – or any actual WorldCom data – but rather is an attempt to extrapolate from the number of BellSouth retail calls that would be affected by a similar change in calling area – assuming that BellSouth is correct that the change in calling area is the only cause of the problem and assuming that measured rate customers are unaffected. BellSouth provides none of the underlying data for its calculation and does not even detail the differences in calling scope between its flat rate service and measured rate service, making it impossible to even attempt to verify BellSouth's claim. WorldCom has previously submitted evidence that the problem affects thousands of customers and tens of thousands of calls and has shown that the problem continues to grow, evidence that BellSouth has never refuted. More important, however,

---

[1] The details of BellSouth's explanation remain puzzling. BellSouth seems to be saying that retail customers with flat rate service receive a larger calling area – that associated with measured rate service – when migrating to CLECs than they had as a retail customer. Previously, WorldCom had understood BellSouth's explanation to be that customers with an expanded calling area as retail customers – perhaps because they were measured rate customers – retained that calling area when migrating to CLECs even if the CLEC was offering a smaller local calling area.

[2] Approximately 10% of WorldCom's local residential customers in Georgia have chosen an intraLATA carrier other than WorldCom or BellSouth.

the *percentage* of calls that are incorrectly treated as local calls rather than intraLATA calls is irrelevant. What is relevant to the intraLATA carrier is the significant number of intraLATA calls that are incorrectly treated as local calls. This number is very large even assuming the accuracy of BellSouth's calculation that, of the total minutes of usage of WorldCom customers in Georgia, .15% are treated as local rather than intraLATA. Because WorldCom customers have some 160,000,000 minutes of originating usage per month, BellSouth's calculation would lead to the conclusion that approximately 240,000 minutes of usage per month are treated as local rather than intraLATA in Georgia (or 480,000 minutes if originating and terminating usage are counted in BellSouth's calculation).[3] This is substantial.

BellSouth states that it will fix at least part of this problem in July. On April 26, BellSouth initiated a change request related to this problem and on April 30 released a document called "Encore User Requirements for UNE-P Call Scope Changes."[4] (Att. 2.) From the title, it appears that these user requirements are intended to address the problem with calling scope that BellSouth claims is the cause of the misrouting of intraLATA calls.[5] If so, WorldCom is pleased that BellSouth intends to address the problem. But the manner in which BellSouth is doing so is completely flawed. To begin with, the user requirements provided on April 30 are listed as final requirements even though BellSouth has never discussed them with CLECs. The result of such unilateral action is that BellSouth has adopted requirements that apparently will force CLECs to make significant changes to their interfaces even though no such work should have been necessary. More fundamentally, it does not appear that implementation of the requirements will resolve the underlying problem.

After receiving the April 30 user requirements from BellSouth, WorldCom immediately transmitted to BellSouth a series of questions about the request. (Att. 3.) BellSouth did not respond until yesterday, May 9. BellSouth has scheduled a meeting on May 14 to discuss the change request with CLECs and is scheduled to implement the request on July 13. For now, however, there is no basis for concluding that this fix will work.

Based on the requirements, it appears that BellSouth will now require CLECs to

---

[3] In BellSouth's calculation of the percentage of WorldCom minutes effected, it divides its estimate of the increased local minutes by WorldCom's local usage, but it is unclear whether this includes only originating or both originating and terminating minutes. Thus, in order to determine the number of minutes affected it is unclear whether it is appropriate to multiply by originating minutes only or both originating and terminating minutes. WorldCom currently has about 108,000 local residential customers in Georgia.

[4] BellSouth has classified this change request as a regulatory mandate as discussed below even though there is no regulatory mandate – other than the Act itself – to which they appear to be responsive. Assuming these changes are being made in order to resolve the problem with intraLATA call routing, they should have been classifed as a defect.

[5] The actual problem described in the text is that "[c]urrently, when converting Retail/Resale to UNE-P, the correct [line class code] is not always populated on the conversation." Moreover, as discussed below, the user requirements do not, in fact, appear to resolve the calling scope problem.

submit specified line class codes on all new orders and these codes will vary by state. The codes may also vary by scope of calling area requested – or perhaps by scope of calling area the customer had as a retail customer. These are codes that CLECs have not had to submit previously in the BellSouth region, at least on UNE-P orders, and that WorldCom has not had to submit elsewhere in order to receive UNE-P with the proper local calling scope. Moreover, although this is not apparent from the requirements, BellSouth's letter of May 9 responding to WorldCom's questions indicates that the new codes will also have to be used for migration orders – "to distinguish between the measured and flat-rate basic 10 digit dialing scope when converting BellSouth retail or resale lines in GA to UNE ports."[6] CLECs will have to make significant changes to their interfaces to submit these codes. CLECs will also have to make significant changes with respect to the ordering of caller ID. Moreover, many of the changes are not clearly spelled out in the documentation; indeed, the appendix that ostensibly includes many of the new codes is not even included. WorldCom should not have to change its interfaces in order to receive the product it has been ordering all along. BellSouth could readily adjust its systems to associate the ordering information WorldCom is already providing with the proper calling scope, but instead BellSouth is attempting to force CLECs to do BellSouth's own work.

In addition, BellSouth is introducing what appears to be a major change with no consultation and little time for CLECs to adjust their own systems. CLECs have not even been consulted on when the change should go into effect given the significant changes that will be required in their interfaces. There is a real chance of a major catastrophe if such a broad ranging change is introduced in this manner. The other changes that are going to be implemented in July were documented long ago and discussed with CLECs in February. BellSouth states that the change is being introduced in July 2002 "in conjunction with a regulatory mandated calling scope change for Mississippi." BellSouth ex parte, May 7, 2002. It is WorldCom's understanding that the "mandate" to which BellSouth refers stemmed from a Mississippi "Desoto County order" in 2000 – hardly an excuse for hasty introduction in April 2002 of a change requiring significant development by CLECs and for BellSouth's failure to consult with CLECs on the substance of the change.

Even worse, all that the user requirements say is that orders with the new line class codes will be processed, not that the codes will enable BellSouth to provide the proper calling scope (and thus the proper intraLATA routing).[7] Indeed, the only new line class codes listed for Georgia are described as codes for ordering a port (either with or without caller ID), not as codes that enable a CLEC to order a calling area with a

---

[6] It also appears that BellSouth intends for retail customers with measured rate service in Georgia to retain a larger calling scope than flat rate customers when the customers measure to UNE-P without providing any justification for so doing. If so, CLECs will suddenly have to adjust their systems for use of two different calling scopes for UNE-P customers – a major change.

[7] Att. 2 at 3 ("When an LSR is submitted on a Residence account, 1st character of TOS =2, the system will verify that the LNECLSSVC Field is populated with a LNECLSSVC USOC listed in Attachment 1 by state, and if found, continue processing the request.").

particular scope or to order particular routing. (Att. 2 at 6.) In Louisiana, in contrast, there are different codes listed for "extended local dialing" and "area plus" (both without caller ID). But even for Louisiana, there is no explanation of the meaning of "extended local dialing" or "area plus" and no explanation of how to order dialing that is not "extended" and is not "area plus." Id.

The user requirements themselves therefore provide absolutely no basis to conclude that implementation of the April 30 change request will fix any of the problem with calling areas. Moreover, the fact that CLECs will have to make significant changes based on these requirements means that these changes will need to be tested before there is any basis for concluding they work and will not cause other problems. And all of this assumes that the calling area issue identified by BellSouth is actually the source of the problem with misrouting of intraLATA calls. As WorldCom explained in its reply comments, it has identified twelve customers for whom some calls that traveled between the same two phone numbers were routed differently than other calls between the same two numbers – suggesting that the routing problem may have to do with something other than calling areas.[8] Moreover, WorldCom also has identified intraLATA calls for BellSouth that have been misrouted in Florida; yet BellSouth's May 8 response states that the calling area problem only exists in Georgia (even though BellSouth is still researching the Florida calls). In addition, if the problem only exists in Georgia, it is not clear why the new user requirements include new codes for states other than Georgia.

The Commission should reject BellSouth's application and require it to first fix the problem with misrouting of intraLATA calls. This should not take long if BellSouth works collectively with CLECs on a solution to the problem. Currently, BellSouth promises to fix the problem in July. But the Commission should not rely simply on BellSouth's promises. This is especially so because the problem is so fundamental, because BellSouth has provided no basis to believe that its fix will work, and because BellSouth has no excuse for waiting until April 30 to announce a promised fix for a problem that it has been aware of for many months.

Line Loss

BellSouth's already substantial problems in providing accurate line loss information to WorldCom have grown far worse. WorldCom needs this information to know when a customer has migrated to another carrier so that it can stop billing the customer in order that the customer will not be double billed.

WorldCom first complained to BellSouth about line loss problems last August. In October, BellSouth identified issues that were leading to inaccurate line loss reports and finally put in two fixes that ostensibly resolved these problems in February. However, WorldCom explained to BellSouth that the automated line loss reports that it received

---

[8] BellSouth has not responded to this claim on the record. WorldCom understands from FCC staff that BellSouth has stated that some of these calls were completed by directory assistance and thus were routed differently than other calls. WorldCom has determined that for at least one of the twelve customers, the calls in question included directory assistance calls. However, WorldCom also has determined that per its contract, calls completed by directory assistance are supposed to be routed identically to other calls.

continued to be incomplete. The web site on which BellSouth posts line loss reports contained 2.3% more reports than the automated reports transmitted to WorldCom which are used to auto-populate WorldCom's systems.

The problem grew far worse after BellSouth implemented its new "single C" ordering process in late March – with discrepancies between the web site and the automated NDM reports exceeding 20%. BellSouth acknowledged that the change to a single C process had introduced a further error that led to additional discrepancies between the line loss information posted on the web and the information transmitted automatically to WorldCom. WorldCom found evidence of another error as well. WorldCom determined that after introduction of the "single C" process, BellSouth began including thousands of line loss reports on the web site for customers who had not in fact migrated away from WorldCom. If WorldCom had relied on the line loss postings on the web site, it would have taken down the accounts of thousands of customers based on the erroneous information that they had migrated away from WorldCom.

On May 6, BellSouth transmitted an e-mail to WorldCom in which it responded to WorldCom's questions of April 30 regarding the latest problems with the line loss report. BellSouth acknowledged these problems but stated that they had been fixed on April 15. (Att. 4.) This was the first time WorldCom learned of the ostensible fix and the first time that BellSouth acknowledged that the web site had included erroneous line loss information.[9] At this point, BellSouth had never transmitted any notification to the CLEC community regarding the problem or the ostensible fix. This is particularly critical, since BellSouth has acknowledged that the problem impacts all CLECs.

In any event, contrary to BellSouth's claim, which it repeats in its May 7 ex parte, the overall line loss problem was not fixed on April 15, 2002.[10] Indeed, it has grown to staggering proportions. After WorldCom received BellSouth's May 6 e-mail claiming the problems had been fixed on April 15, we conducted a new audit. We found that of

---

9 In its May 7 ex part*e*, BellSouth states that it informed WorldCom of the issue regarding the inaccurate line loss reports on the web in early April. That is simply wrong. After WorldCom pressed BellSouth about continuing discrepancies between the line loss reports posted on the web and those transmitted via NDM, BellSouth did inform WorldCom that introduction of the single C process had caused a new problem with the line loss reports transmitted via NDM. WorldCom was unaware of any problem regarding the line loss reports on the web until it conducted an additional audit covering the period from March 25, 2002 until April 15, found the problem itself and notified BellSouth. BellSouth did not acknowledge this problem until May 6. If, as BellSouth claims, it was already aware of the problem with the line losses posted on the web, BellSouth certainly should have been able to answer WorldCom's questions regarding inaccuracies on the web report earlier than May 6.

10 Nor was the specific problem that BellSouth was erroneously posting line loss reports on the web. WorldCom found that as late as April 29, there were still a high number of ANIs listed on the web site as line losses for which the date the customer migrated to WorldCom and the date the customer left WorldCom were identical. It is highly doubtful that these thousands of customers migrated away from WorldCom the first day they received service.

4,109 numbers listed as WorldCom line losses on BellSouth's web site as of April 23, 2002, BellSouth had failed to transmit 4,024 of these to WorldCom via the automated NDM reports as of May 6. Of the 4,415 numbers listed on the web site as of April 29, BellSouth had failed to transmit 4,351 by May 6. Of the 2,341 numbers listed on the web site as of May 7 (with line loss dates of May 6 or before), 1,888 had not been transmitted via automated reports as of May 6. WorldCom does not know for sure how much of the disparity between the web site and the NDM reports is caused by erroneous posting of line loss reports on the web and how much by failure to transmit accurately posted line loss reports on the NDM reports.[11] What is clear is that at least as of May 6, there was no remotely reliable source of line loss information on which WorldCom could depend.

On May 7, BellSouth finally released a notification to the CLEC community explaining that an error had occurred with line loss information posted on the web after introduction of the single C process and that this problem had been corrected on April 15. BellSouth then stated that "[a] subsequent error occurred beginning April 15, 2002, regarding the capture of the Outward Alternate Exchange Company Name (OAECN) code on Disconnect (D) orders resulting in no loss notifications sent for these orders. The correction for this issue was implemented on May 6, 2002. Customers impacted are advised to contact the BellSouth E-Commerce Support to have a report provided for the omitted data." (Att. 5.) BellSouth's May 6 e-mail had not indicated to WorldCom that any errors remained after April 15.

There is no basis for concluding that the fix BellSouth ostensibly implemented on May 6 will now render line loss data accurate. It is possible that the new error described by BellSouth in its May 7 Carrier Notification explains the discrepancy between web data and the NDM feeds that WorldCom has received after April 15, but that is unlikely. BellSouth's Carrier Notification letter appears to be describing an error in which loss notifications were omitted from the web site. But the error WorldCom has found is that even those loss notifications listed on the web site are not being transmitted to WorldCom via NDM, thus compounding any problem caused by inaccurate data on the web site. Hence, whatever "fix" BellSouth put in on May 6 is unlikely to have corrected the problem WorldCom is experiencing at dramatic levels. Nor does BellSouth's past record provide the basis for any confidence that this time BellSouth will finally have gotten it right.

<u>Change Management</u>

No progress has been made in resolving fundamental issues that still remain with respect to BellSouth's change management process. At the May 2 collaborative session,

[11] It appears that both problems are continuing. As part of its audit, WorldCom determined how many numbers listed on the web appeared to have been erroneously posted (because the migrate date and the completion date were the same). Of the remaining line losses listed, WorldCom determined that thousands still were not transmitted to WorldCom via NDM. Further confirmation that BellSouth is not transmitting all of the line losses it should be via NDM is that in recent days, WorldCom has been receiving far fewer line losses via NDM that it ordinarily receives (either before or after the single C), and this degree of varinace is not typical. And, as should now be clear, even the earlier NDM reports were never complete.

in which the parties continued to attempt to negotiate an acceptable change management process, BellSouth continued to refuse to prioritize CLEC-initiated changes and BellSouth-initiated changes together – even though both sets of changes are ostensibly designed to benefit CLECs. Instead, BellSouth has insisted that it will implement BellSouth-initiated and CLEC-initiated changes in separate releases. CLECs will have no input in prioritizing BellSouth-initiated changes. Thus, of the limited release space that remains after the space BellSouth uses to correct defects, half will go to BellSouth-initiated changes even if CLECs have no interest in these changes, leaving well less than half the total release space available for changes CLECs desire. There is simply no justification for this. It is worse than the 40% proposal that BellSouth made last Fall and that KPMG found inadequate in Florida.

Moreover, of the space allocated for the CLEC releases, much will be used for industry standard releases. This year BellSouth has committed to implement only the top 15 prioritized changes – and it has achieved this paltry number only because it is not implementing the newest industry standard ordering interface – LSOG 5. Next year, when BellSouth is implementing LSOG 6, there will be significantly less release space available for CLECs.

In addition, BellSouth has not yet provided CLECs information on the size of future releases or the order in which these releases will take place – information that BellSouth has promised and that CLECs need in order to prioritize change requests. BellSouth has also stated that it will not provide actual sizing information for industry standard releases but rather will provide the size of the "typical" industry standard release – information that is of little use to CLECs.

Unlike other BOCs, BellSouth has no proven track record of implementing change requests prioritized by CLECs in a reasonable time. While WorldCom understands that the Commission generally will not micromanage development of a change management process, in the absence of a proven track record, BellSouth must show it has now adopted a process suited to the goals of change management. BellSouth has not yet adopted a process that will ensure that it will respond effectively to change requests that CLECs determine are important to function in an ever-changing market.

Finally, and perhaps even more important, BellSouth continues to fail to smoothly implement changes that do occur. The problems with line loss caused by introduction of the single C process, as well as BellSouth's failure to adequately notify CLECs of the problems and ostensible fixes, are only the latest examples. As explained, WorldCom also anticipates problems with the BellSouth announced change request that appears aimed to fix the intraLATA routing issue. BellSouth has not followed change management procedures in announcing the change, has provided incomplete documentation, and is answering CLEC questions with very limited time left before the release.

KPMG continues to have numerous open exceptions regarding change management and inadequate internal testing in Florida. BellSouth has not convinced KPMG that its process is yet anywhere close to adequate. The Commission should similarly find that BellSouth has yet to adopt a change management process that is sufficient to meet the requirements of section 271.

*   *   *   *   *

Pursuant to the Commission's rules, I am filing an electronic copy of this letter and request that it be placed in the record of this proceeding.

Sincerely,

Keith L. Seat
Senior Counsel
Federal Advocacy

Attachments

cc (w/att.): Kyle Dixon, Matt Brill, Monica Desai, Jordan Goldstein, Dorothy Attwood, Jeffrey Carlisle, Michelle Carey, Rich Lerner, Renϑe Crittendon, Ian Dillner, Qualex International, Leon Bowles (GPSC), Arnold Chauviere (LPSC), James Davis-Smith (DOJ)